

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

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MAY 18 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01537A

Shepard Water Company
Star Route 4, Box 41
Yuma, AZ 85365



ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

ANN04	03
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COMPANY INFORMATION

Company name(Business Name) Shepard Water Company

Mailing Address Star Route 4, Box 41

(Street)

Yuma

(City)

AZ

(State)

85365

(Zip)

(928) 783-9589

Telephone No. (Include Area Code)

(928) 782-3360

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email

Address info@martinezlake.com

Local Office Mailing Address Same as Above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact

John Guth

(Name)

President

(Title)

Star Route 4, Box 41

Yuma

AZ

85365

(Street)

(City)

(State)

(Zip)

(928) 783-9589

(928) 782-3360

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

info@martinezlake.com

Email Address

Lili Whitford

On Site Manager:

(Name)

Star Route 4, Box 41

Yuma

AZ

85365

(Street)

(City)

(State)

(Zip)

(928) 783-9589

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Pager/Cell No. (Include Area Code)

info@martinezlake.com

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Wade Nobel
(Name)
1405 W 16th St Yuma AZ 85364
(Street) (City) (State) (Zip)
(928) 343-9947 (928) 343-9483

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Wade Noble
(Name)

Same as Above

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input checked="" type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	708	-	708
302	Franchises	2,708	-	2,708
303	Land and Land Rights	250	-	250
304	Structures and Improvements	2,257	1,494	763
307	Wells and Springs	4,424	4,424	-
311	Pumping Equipment	9,512	7,520	1,992
320	Water Treatment Equipment	2,630	2,630	-
330	Distribution Reservoirs and Standpipes	8,141	7,995	146
331	Transmission and Distribution Mains	5,796	5,796	-
333	Services	7,205	7,205	-
334	Meters and Meter Installations	-	-	-
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	879	39	840
340	Office Furniture and Equipment	509	144	364
341	Transportation Equipment	-	-	-
343	Tools, Shop and Garage Equipment	442	442	-
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	45,461	37,689	7,771

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	708	-	
302	Franchises	2,708	-	
303	Land and Land Rights	250	-	
304	Structures and Improvements	2,257	.31%	7
307	Wells and Springs	4,424	-	
311	Pumping Equipment	9,512	.32%	30
320	Water Treatment Equipment	2,630		
330	Distribution Reservoirs and Standpipes	8,141	.32%	26
331	Transmission and Distribution Mains	5,796		
333	Services	7,205		
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	879	2.00%	18
340	Office Furniture and Equipment	509	10.00%	51
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	442		
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	45,461		132

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 37,627	\$ 6,968
134	Working Funds	299,475	299,475
135	Temporary Cash Investments		
141	Customer Accounts Receivable	553	2,144
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		3,996
174	Miscellaneous Current and Accrued Assets	14,791	14,791
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 52,446	\$ 327,374
	FIXED ASSETS		
101	Utility Plant in Service	\$ 45,461	\$ 45,461
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(37,557)	(37,689)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 7,904	\$ 7,772
	TOTAL ASSETS	\$ 360,350	\$ 335,146

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		8,724
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	15,064	4,157
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	517	678
	TOTAL CURRENT LIABILITIES	\$ 15,581	\$ 13,559
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 295,484	\$ 251,697
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	223	222
	TOTAL DEFERRED CREDITS	\$ 223	\$ 222
	TOTAL LIABILITIES	\$ 311,288	\$ 265,478
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	6,096	6,096
215	Retained Earnings	41,966	62,572
218	Proprietary Capital (Sole Props and Partnerships)	-	
	TOTAL CAPITAL	\$ 49,062	\$ 69,668
	TOTAL LIABILITIES AND CAPITAL	\$ 360,350	\$ 335,146

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue	50,385	48,460
474	Other Water Revenues		
	TOTAL REVENUES	\$ 50,385	\$ 48,460
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		972
618	Chemicals		
620	Repairs and Maintenance	777	
621	Office Supplies and Expense	2,683	1,351
630	Outside Services	11,018	11,414
635	Water Testing		1,367
641	Rents		1,500
650	Transportation Expenses		
657	Insurance – General Liability	2,765	3,334
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	8,073	7,912
403	Depreciation Expense	132	132
408	Taxes Other Than Income		90
408.11	Property Taxes	2,703	2,066
409	Income Tax	15,114	4,078
	TOTAL OPERATING EXPENSES	\$ 43,265	\$ 34,216
	OPERATING INCOME/(LOSS)	\$ 7,120	\$ 14,244
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	51,246	18
426	Miscellaneous Non-Utility Expenses		(1,698)
427	Interest Expense	(11,985)	(4,882)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 39,261	\$ (6,562)
	NET INCOME/(LOSS)	\$ 46,381	\$ 7,682

COMPANY NAME **Shepard Water Company**

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	01/25/02			
Source of Loan	Bank of America			
ACC Decision No.				
Reason for Loan	Water Treatment Facility			
Dollar Amount Issued	\$ 299,475	\$	\$	\$
Amount Outstanding	\$ 260,421	\$	\$	\$
Date of Maturity	01/01/22			
Interest Rate	6.26%	%	%	%
Current Year Interest	\$ 4,882	\$	\$	\$
Current Year Principle	\$ 26,682	\$	\$	\$

Meter Deposit Balance at Test Year End \$ -0-

Meter Deposits Refunded During the Test Year \$ -0-

COMPANY NAME **Shepard Water Company**

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-616951	5 HP	80		8	2	
55-619952	5 HP	80		8	2	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
NONE			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
5000	1	3000	1

COMPANY NAME **Shepard Water Company**

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: Shepard Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	222	70,810	70,810
FEBRUARY	222	75,980	75,980
MARCH	222	73,530	73,530
APRIL	222	103,840	103,840
MAY	222	98,480	98,480
JUNE	222	140,610	140,610
JULY	222	174,110	174,110
AUGUST	222	137,150	137,150
SEPTEMBER	222	148,180	148,180
OCTOBER	222	128,090	128,090
NOVEMBER	222	103,510	103,510
DECEMBER	222	76,220	76,220
TOTAL		N/A	1,330,510

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 14 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 2,066

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

Primary Account: 0078294736

Page 2 of 2

Enclosures 0

Nov 01, 2003 to Nov 28, 2003

31



SHEPARD WATER COMPANY

Daily Balance Summary

Date	Balance	Date	Balance	Date	Balance
Oct 31	9,892.48	Nov 14	9,500.51	Nov 24	7,254.76
Nov 03	9,874.81	Nov 17	8,273.23	Nov 25	7,007.46
Nov 05	11,168.47	Nov 18	7,573.23	Nov 26	6,751.25
Nov 10	11,640.55	Nov 19	7,489.76		
Nov 12	9,574.51	Nov 21	7,279.76		

Image Items

#	Date	Amount	#	Date	Amount	#	Date	Amount
#1291	11/10	\$25.00	#1293	11/12	\$2,086.04	#1294	11/14	\$74.00
#1295	11/17	\$1,500.00	#1296	11/18	\$700.00	#1297	11/21	\$210.00
#1298	11/19	\$83.47	#1299	11/24	\$25.00	#1300	11/25	\$247.30
#1301	11/26	\$256.21						

May 14 04 02:39p

James E Raftery CPA

p.2

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2003INCOME TAXES

For this reporting period, provide the following:

****Per Form 1120s Fiscal Year Ended 09/30/03**

Federal Taxable Income Reported	**	<u>\$18,138</u>
Estimated or Actual Federal Tax Liability	**	<u>2,721</u>
State Taxable Income Reported	**	<u>\$19,496</u>
Estimated or Actual State Tax Liability	**	<u>1,358</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u> </u>
Amount of Gross-Up Tax Collected	<u> </u>
Total Grossed-Up Contributions/Advances	<u> </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE5-14-04
DATEJohn W. Guth
PRINTED NAMEOWNER
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

MAY 18 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OR (COUNTY NAME)
Yuma
NAME (OWNER OR OFFICIAL) TITLE
John Guth, President
COMPANY NAME
Shepard Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 52,061

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,601
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

John E. Whiteford
SIGNATURE OF OWNER OR OFFICIAL
958-783-9589
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 2nd DAY OF

COUNTY NAME
Maricopa
MONTH
May
YEAR
2004

(SEAL) *James E. Raftery*
MY COMMISSION EXPIRES 1/6/07

James E. Raftery
SIGNATURE OF NOTARY PUBLIC

May 03 04 10:57a

James E Raftery CPR

p.3

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

MAY 18 2004

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yuma	
NAME (OWNER OR OFFICIAL)	John Guth	TITLE President
COMPANY NAME	Shepard Water Company	

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 52,061

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,601
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

John R. Whitford
SIGNATURE OF OWNER OR OFFICIAL
928-783-9589
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

3rd

DAY OF

NOTARY PUBLIC NAME	Cynthia J. Williams	
COUNTY NAME	Maricopa	
MONTH	May	2004

(SEAL)

MY COMMISSION EXPIRES

X

Cynthia J. Williams
SIGNATURE OF NOTARY PUBLIC